



April 10, 2015

**By Certified Mail**

Joint Legislative Committee on Local Government  
Attention: Committee Chairs  
North Carolina General Assembly  
16 West Jones Street  
Raleigh, NC 27601

Fiscal Research Division  
Attention: Director  
North Carolina General Assembly  
300 North Salisbury St., Suite 610  
Raleigh, NC 27603

**Notice to the Joint Legislative Committee on Local Government—  
Proposed financing by North Carolina Municipal Power Agency 1**

To the Committee:

I am the Chief Financial Officer of North Carolina Municipal Power Agency 1, a joint agency formed pursuant to Chapter 159B of the North Carolina General Statutes (the "Power Agency"). It is my understanding that this Committee, pursuant to N.C. Gen. Stat. Sections 120-157.1 and 120-157.2, has been established to review and monitor, with certain exceptions, local government capital projects that are required to go before the North Carolina Local Government Commission (the "LGC"), and require debt to be issued in an amount exceeding \$1,000,000. Although the Power Agency is not a local government, as that term is used in Section 120-157.2, we are providing you the information below as a courtesy.

Power Agency expects to seek approval from the LGC at its June 2, 2015 meeting for the issuance of up to \$595 million of revenue bonds to support NCMPA1's long-term rate plan. The issuance will include a combination of new money for capital additions for its ownership interest at the Catawba Plant, the refunding of certain bonds for debt service savings and the refinancing of a portion of existing debt to levelize the debt amortization schedule. The capital additions are necessary to meet regulatory requirements and to ensure the safe and efficient operation of the Catawba Plant. The levelization of a portion of the existing debt will improve asset/liability matching while enhancing the Power Agency's competitive wholesale position with Duke Energy Carolina.

<b>Purpose of the Projects</b>	To improve the output and efficiency of the Catawba Nuclear Plant, achieve debt service savings, to improve asset/liability matching and to improve the Power Agency's competitive position.
<b>Scope of the Projects</b>	Power Supply improvements and debt levelization
<b>Debt Requirements of the Projects</b>	\$595,000,000
<b>Means of Financing the Projects</b>	Revenue Bonds
<b>Source of Repayment for the Projects</b>	Revenue from power sales to the Power Agency's member cities

Power Agency's issuance of the revenue bonds is subject to the approval of the LGC. The revenue bonds, when and if issued, will be secured only by payments from the Power Agency's member cities to Power Agency under their Project Power Sales Agreements. Neither the faith and credit nor the taxing power of the State of North Carolina or of any Power Agency member city is pledged for the payment of the revenue bonds.

Sincerely,

A handwritten signature in dark ink, appearing to read 'T. Tunis', written over a horizontal line.

Tim Tunis  
Chief Financial Officer

cc: Greg Gaskins, Secretary of the LGC (also by first-class mail)  
Graham Edwards, Chief Executive Officer, ElectriCities (by electronic mail)  
David Barnes, General Counsel, ElectriCities (by electronic mail)  
Steven Turner, Hawkins, Delafield & Wood, Bond Counsel (by electronic mail)